

# DIRECTIVE

## JOB TRAINING PARTNERSHIP ACT

Number: D97-18

Date: March 24, 1998  
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TO: SERVICE DELIVERY AREA ADMINISTRATORS  
PRIVATE INDUSTRY COUNCIL CHAIRPERSONS  
JTPD PROGRAM OPERATORS  
EDD JOB SERVICE OFFICE MANAGERS  
JTPD STAFF

SUBJECT: FUNDS UTILIZATION FOR TITLE III FUNDS

### EXECUTIVE SUMMARY:

#### Purpose:

This Directive provides procedures to be applied in the recapture and reallocation of unspent Job Training Partnership Act (JTPA) Title III funds.

#### Scope:

Funds utilization requirements are applicable to the 60 percent formula allocated and the 40 percent Governor's Reserve funds.

#### Effective Date:

This Directive is effective immediately.

### REFERENCES:

- JTPA Section 302 and 303
- 20 CFR 631.00 and 631.12

### STATE-IMPOSED REQUIREMENTS:

All requirements in this document are state-imposed requirements.

### FILING INSTRUCTIONS:

This Directive supersedes JTPA Interim Directive 93-17, dated December 3, 1993. There are no significant changes in this Directive from provisions in the JTPA Interim Directive. Retain this Directive until further notice.

## **BACKGROUND:**

The JTPA Section 303 mandates the U.S. Department of Labor (DOL) to recapture unexpended state funds that exceed 20 percent of the State's program year of allocation plus the unexpended balance of the allotment from the prior program year of allocation. Section 303(d) requires the State to issue uniform procedures to Service Delivery Areas (SDA) on minimum expenditures to avoid the recapture of funds. Therefore, the State of California's Title III recapture policies and procedures for SDAs generally mirror those applied to states by the DOL.

In April 1986, the State Job Training Coordinating Council (SJTCC) established a policy intended to recapture and redistribute unspent discretionary funds. In April 1989, the SJTCC adopted a funds utilization policy in keeping with the Governor's goal of achieving full and effective use of all resources for Title II-A 77 percent adult, Title II-A 5 percent older worker, and Title III funds.

## **POLICY AND PROCEDURES:**

It is the responsibility of each SDA to ensure that funds are expended appropriately at the level set by the Job Training Partnership Division (JTPD) and by the SJTCC. The JTPD will work with SDAs on a case-by-case basis to assist them in resolving any problems with expenditure of funds. An SDA should request technical assistance early in the program year so appropriate steps can be taken to increase obligation and/or expenditure levels.

### **I. RECAPTURE PROVISIONS**

#### **A. 50 Percent Formula Allocated Funds**

The SDAs are required to spend a minimum of 80 percent of a Program Year of Allocation (YOA) funds, plus 100 percent of any unexpended allotment of prior YOA funds. The unexpended balance of the funds exceeding 20 percent is considered excess and will be returned to the State by means of a corresponding unilateral subgrant modification to that YOA. Example: To avoid recapture, SDAs must spend 80 percent of the YOA 1997 funds and 100 percent of the YOA 1996 funds by June 30, 1998.

#### **B. 10 Percent Governor's Reserve Funds**

Title III requires the states to distribute these funds on the basis of need during the first three quarters of the program year. The allocation formula used for the Title III 50 percent funds is also the basis for allocation of the Title III 10 percent funds.

The State will allocate these funds in conjunction with the 50 percent formula allocation. Once combined with the 50 percent funds, the 10 percent

Governor's reserve funds lose their identity. Recapture criterion is dependent on the 50 percent fund category.

#### C. 40 Percent Special Projects Funds

Funds utilization will be determined on a project-by-project basis. Failure to meet the required expenditure level in one special project will not affect any other special project an SDA may be operating.

1. If a project ends on or before June 30, any unspent funds will be returned to the State via the final closeout report.
2. If a project extends past June 30, the SDA must achieve a minimum expenditure level of 80 percent of the planned expenditures for each program year involved. If at the end of the program year (June 30) expenditures are less than 80 percent of the planned amount, the difference may be returned to the State via a modification to that project's subgrant. The SDA's justification for failure to meet the required expenditure level will be reviewed. Based on this review, JTPD may require the return of the funds or allow the excess unspent funds to be carried into the subsequent program year.

## II. DEOBLIGATION

Although SDAs may voluntarily deobligate funds at any time, they are encouraged to do so as early in the program year as possible. This will allow for the timely reallocation of funds to other SDAs that need additional monies.

#### A. 50 Percent Formula Allocated Funds

Deobligations received by JTPD prior to December 31 will be used to reduce the amount of available funds that are subject to recapture. However, deobligations received by JTPD after December 31 will not reduce the amount of available funds that are subject to recapture.

#### B. 10 Percent Governor's Reserve Funds

Same as 50 Percent Formula Allocated Funds above.

#### C. 40 Percent Special Projects Funds

Deobligations may be requested at any time during the project period.

## III. REALLOCATION

Only SDAs that met the minimum expenditure requirements are eligible for reallocated funds. Reallocation will occur only if the SDA desires the additional

funds. The JTPD will survey eligible SDAs and implement unilateral subgrant modifications to reallocate funds based on survey results. Funds will be reallocated to the year upon which the analysis was based. All reallocated funds are subject to the minimum utilization requirement for the year in which they are reallocated. Example: Underexpended YOA 1996-97 funds will be reallocated to YOA 1996-97. These reallocated funds will then be considered to be part of the unspent balance of funds for YOA 1997-98 and subject to the 100 percent expenditure requirement.

#### IV. WAIVER

No waiver of recapture may be granted for Title III funds.

#### **ACTION:**

Bring this Directive to the attention of all affected staff and service providers.

#### **INQUIRIES:**

Questions regarding funds utilization requirements for Title III projects should be directed to the SDA's assigned program manager. Please direct questions about this Directive to Deborah Cusimano, Data Analysis Unit Manager, at (916) 653-4292.

/S/ BILL BURKE

Acting Assistant Deputy Director